

## Message Text

UNCLASSIFIED

PAGE 01 OTTAWA 01765 042131Z

21

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 FEA-01 ERDA-07 AID-05 CEA-01

CIAE-00 CIEP-02 COME-00 DODE-00 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-15

SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00 PA-02 PRS-01

/110 W

----- 056642

R 042051Z MAY 76

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 9674

INFO AMCONSUL CALGARY

AMCONSUL VANCOUVER

UNCLAS OTTAWA 1765

E.O. 11652: N/A

TAGS: ENRG, CA

SUBJ: ENERGY: MACKENZIE VALLEY GAS PIPELINE

1. SUMMARY: IN RECENT PRESS CONFERENCE, INDIAN AFFAIRS MINISTER BUCHANAN QUESTIONED WHETHER THERE ARE SUFFICIENT GAS RESERVES IN MACKENZIE DELTA TO JUSTIFY CONSTRUCTION OF MACKENZIE VALLEY PIPELINE, BUT ADDED THAT DECISION MUST AWAIT RESULTS OF BERGER INQUIRY AND NEB HEARING. STATEMENT SUBSEQUENTLY SUBJECT OF SEVERAL QUESTIONS IN COMMONS WHERE RESPONSES HAVE EMPHASIZED THAT MINISTER WAS ONLY MAKING AN OBSERVATION AND THAT FINAL DECISION WOULD AWAIT COMPLETION OF REGULATORY PROCEDURES. END SUMMARY.

2. DURING APR 26 NEWS CONFERENCE IN YELLOWKNIFE (NWT), INDIAN AND NORTHERN AFFAIRS MINISTER BUCHANAN WAS QUOTED AS SAYING THAT FEDERAL GOVERNMENT NEEDS MORE INFORMATION ON THE AMOUNT OF NATURAL GAS AVAILABLE IN THE FAR NORTH TO JUSTIFY BUILDING THE MACKENZIE VALLYE PIPELINE AND FOR THAT REASON OTTAWA HAD GIVEN DOME PETROLUUM PERMISSION  
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 OTTAWA 01765 042131Z

TO START OFFSHORE DRILLING IN THE BEAUFORT SEA

(PRESUMABLY DOME MIGHT JUST AS EASILY HIT GAS AS OIL. THE SPECIFIC QUOTE IS AS FOLLOWS: "THE FEELING IS THAT UNLESS WE CAN PROVE UP SIGNIFICANT ADDITIONAL RESOURCES IN WHAT IS CONSIDERED TO BE THE HIGHEST POTENTIAL UNTAPPED AREA OR UNEXPLORED AREA -- THAT IS THE BEAUFORT SEA -- IT THROWS INTO VERY GRAVE QUESTION THE WHOLE QUESTION OF THE PIPELINE . . . AS FAR AS THE MACKENZIE VALLEY IS CONCERN ... WITH ONLY THREE TRILLION CUBIC FEET OF DEVELOPABLE GAS IN THE MACKENZIE DELTA AREA, I THINK THERE IS SOME GENUINE QUESTIONS AS TO WHETHER THE PIPELINE IS IN CANADA'S INTERESTS." HE REPORTEDLY ADDED THAT CANADA CANNOT MAKE USE OF "ANYTHING LIKE THE PROPOSED ALLOTTED SEGMENT OF THE PIPELINE TO US FOR THREE TRILLION CUBIC FEET." BUCHANAN CONCLUDED, HOWEVER, THAT THE GOC WOULD WAIT UNTIL IT HAD HEARD FROM THE NEB AND THE BERGER INQUIRY BEFORE MAKING ANY DECISIONS ON THE PROJECT.

3. BUCHANAN STATEMENTS WERE QUESTIONED FOLLOWING DAY (APRIL 27) IN COMMONS AND ENERGY, MINES AND RESOURCES MINISTER GILLESPIE RESPONDED THAT BUCHANAN "WAS MAKING AN ABSOLUTELY STRAIGHTFORWARD OBSERVATION WHEN HE SAYS THAT UNTIL THE HEARINGS ARE OVER AND ALL THE INFORMATION IS IN THE HANDS OF THE NATIONAL ENERGY BOARD AND IN THE HANDS OF THE GOVERNMENT, NO DECISION CAN BE TAKEN."

4. ON APRIL 28, NDP ENERGY CRITIC DOUGLAS ASKED MINISTER GILLESPIE IN COMMONS TO ASK NEB TO POSTPONE DECISION ON MACKENZIE VALLEY PROJECT UNTIL POLAR GAS HAS HAD TIME TO APPLY TO THE NEB. MR. GILLESPIE RESPONDED NEGATIVELY, STRESSING THE IMPORTANCE OF THE NEB PROCEEDING AS EXPEDITIOUSLY AS POSSIBLE.

5. IN COMMONS QUESTION PERIOD OF APRIL 30, MINISTER BUCHANAN WAS QUESTIONED WHETHER HIS APRIL 26 STATEMENT INDICATED THE GOC NOW FAVORS THE PROPOSAL OF POLAR GAS AND PANARCTIC OILS TO BUILD A PIPELINE FROM THE HIGH ARCTIC. MR. BUCHANAN SAID HIS "SUGGESTION DID NOT POINT IN THAT DIRECTION. IT MERELY INDICATED THAT AS UNCLASSIFIED

UNCLASSIFIED

PAGE 03 OTTAWA 01765 042131Z

LONG AS THE EXTRACTABLE RESERVES IN THE NORTH, IN THE DELTA AREA, ARE ONLY IN THE ORDER OF THREE TRILLION CUBIC FEET THERE WAS SOME QUESTION THAT THE PIPELINE MIGHT NOT BE IN CANADA'S INTEREST."

6. CANADIAN OILWEEK OF MAY 3, IN COMMENTING ON MINISTER BUCHANAN'S STATEMENT, SUGGESTS THAT IF THERE IS SOME BACKTRACKING IN GOVERNMENT SUPPORT FOR THE

PIPELINE THE FOLLOWING REASONS MIGHT BE OFFERED:

(A) THE U.S. HAS DECIDED IT HAS WAITED LONG ENOUGH AND IS GOING TO MAKE THE DECISION TO GO AHEAD WITH ITS OWN LINE THROUGH ALASKA. IN THIS CASE, CABINET MINISTERS MAY HAVE SEEN THE WRITING ON THE WALL AND ARE BEGINNING TO BACK OUT SLOWLY.

(B) THE GOC IS SENSITIVE TO CRITICISM THAT IT HAS MADE UP ITS MIND ABOUT THE PIPELINE BEFORE THE REGULATORY AND INQUIRY HEARINGS ARE COMPLETED AND, THEREFORE, MINISTERS ARE PUBLICLY TAKING A NEW CAUTIOUS APPROACH WHEN ADDRESSING THEMSELVES ON THE SUBJECT OF THE PIPELINE.

(C) THE GOC MAY BE STARTING TO BACK OFF FROM THE PIPELINE, HOPING TO BEGIN RAISING QUESTIONS ABOUT WHAT WILL HAPPEN IF THE LINE IS NOT BUILT.

7. ON SAME SUBJECT, ENERGY MINISTER GILLESPIE, IN PUBLIC ADDRESS IN CALGARY ON APRIL 30, STATED "THE GOVERNMENT OF CANADA IS NOT COMMITTED TO THE EARLY DELIVERY OF FRONTEIR GAS ANY ANY COST. THE REPORTS TO BE SUBMITTED BY THE BERGER COMMISSION AND THE NATIONAL ENERGY BOARD WILL PROVIDE US WITH THE INFORMATION TO DETERMINE THE TIMING AND THE MEANS BY WHICH NORTHERN ENERGY RESOURCES SHOULD BE DEVELOPED TO BEST SERVE THE NATIONAL INTEREST."

8. COMMENT: EMBASSY DOES NOT RPT NOT BELIEVE THAT RECENT STATEMENTS OF GOC MINISTERS ON MACKENZIE VALLEY GAS PIPELINE CONTAIN ANY HIDDEN MESSAGE, OTHER THAN THAT THE FEDERAL GOVERNMENT WILL AWAIT THE BERGER AND UNCLASSIFIED

UNCLASSIFIED

PAGE 04 OTTAWA 01765 042131Z

NEB REPORTS BEFORE MAKING A FINAL DECISION. IN FACT, NORTHERN ENERGY RESOURCE DEVELOPMENT IS A PRIME EMPHASIS OF THE APRIL 27 NATIONAL ENERGY STRATEGY. ENDERS

UNCLASSIFIED

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** NATURAL GAS, PIPELINES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 04 MAY 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976OTTAWA01765  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760172-0935  
**From:** OTTAWA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760594/aaaadcdx.tel  
**Line Count:** 158  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EB  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** schwenja  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 09 JUN 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <09 JUN 2004 by wolfsd>; APPROVED <13 SEP 2004 by schwenja>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ENERGY: MACKENZIE VALLEY GAS PIPELINE  
**TAGS:** ENRG, CA  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006